

Message Text

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C O N F I D E N T I A L ROME 11831

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SUBJECT: CONVERSATION WITH PRESIDENT LEONE

1. YESTERDAY I SPENT OVER ONE HOUR WITH PRESIDENT LEONE AT HIS SUMMER HOME FOR A WIDE-RANGING DISCUSSION ON THE ITALIAN POLITICAL SITUATION. I FOUND HIM TO BE VERY CONCERNED (BUT NOT PESSIMISTIC OR FATALISTIC) ABOUT THE CURRENT SITUATION AND THE SURPRISING GAINS MADE BY THE ITALIAN COMMUNIST PARTY (PCI) IN THE JUNE 15 ELECTIONS. IN HIS VIEW THERE WERE FOUR PRINCIPAL FACTORS BEHIND THIS RATHER SUBSTANTIAL GAIN: (1) THE PSYCHOLOGICAL BEATING THE DC TOOK IN THE MAY 1974 DIVORCE REFERENDUM; (2) THE 8-YEAR OLDS' RIGHT TO VOTE IN THESE ELECTIONS WHICH HE FELT COULD HAVE BEEN POSTPONED; (3) THE NEW WITHHOLDING TAX WHICH WENT INTO EFFECT JANUARY 1974 WHICH MANY ITALIANS FELT REACHED ONLY THE LOWER AND MEDIUM LEVEL SALARIED WORKER WHILE ALLOWING THOSE IN THE HIGHER SALARY BRACKETS -- NAMELY DOCTORS, LAWYERS AND OTHER SELF-EMPLOYED PEOPLE -- TO ESCAPE THE TAX IN LARGE MEASURE; AND (4) THE KIND OF ECONOMIC SITUATION WITH WHICH ITALY AND OTHER NATIONS ARE CONFRONTED NEVER HELPS THE "INS".

2. HE, HOWEVER, WAS NOT DISCOURAGED AND FELT THAT WITH THE PROPER AMOUNTS AND KINDS OF WORK THAT NEEDED TO BE DONE AND COULD BE DONE, THE 1977 NATIONAL ELECTIONS COULD PROVE BENEFICIAL TO THE DEMOCRATIC PARTIES. HE REITERATED WHAT HE HAS PREVIOUSLY TOLD ME AND THE SECRETARY -- DURING HIS PRESIDENCY (WHICH HAS MORE THAN THREE YEARS TO GO), THE PCI WOULD NOT BE PERMITTED TO ENTER THE GOVERNMENT. HE RECOGNIZED THAT IT WAS UNAVOIDABLE THAT THERE WOULD BE MORE COMMUNIST DOMINATED OR FRONTIST-RUN MUNICIPALITIES,

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PROVINCES AND REGIONS, BUT DID NOT THINK THAT THIS WOULD CARRY OVER

TO THE NATIONAL LEVEL. I CAUTIONED, HOWEVER, THAT THE PCI'S ABILITY TO HOLD AND PERFORM AT THESE POSITIONS AT THE LOCAL LEVEL COULD ENHANCE THE PCI'S ABILITY TO RETAIN IF NOT INCREASE THEIR VOTE IN THE 1977 ELECTIONS.

3. I EMPHASIZED THE POINTS MADE BY PRESIDENT FORD AND THE SECRETARY TO MORO AND RUMOR AT HELSINKI REGARDING OUR CONTINUED FIRM OPPOSITION TO PCI PARTICIPATION IN THE GOVERNMENT. HE WAS AWARE OF THIS CONVERSATION AND MADE THE SAME POINT EXPRESSED BY MORO TO THE PRESIDENT AND THE SECRETARY AT HELSINKI REGARDING THE PCI'S ABILITY TO TAKE ADVANTAGE IN ITALY OF THE INTERNATIONAL CLIMATE ESTABLISHED BY DETENTE, A POLICY HE SUPPORTS AND IS SYMPATHETIC WITH.

4. I EXPRESSED MY DISAPPOINTMENT OVER RECENT ARTICLES APPEARING IN THE LEFTIST PRESS REGARDING A POSSIBLE VISIT OF PCI PARTY SECRETARY BERLINGUER TO THE US AND A USG POLICY SHIFT TO THE PCI. I ASSURED HIM THAT THESE ARTICLES WERE IRRESPONSIBLE AND NOT BASED ON FACT AND POINTED OUT THAT THE AMERICAN QUOTED IN ONE OF THE PROMINENT ARTICLES HAD ALREADY DENIED SOME OF ITS CONTENTS. FURTHERMORE, AS I KNEW THE PRESIDENT REALIZED, THE AUTHOR WAS NOT A MEMBER OF THE USG BUT ACTING AS A MEMBER OF A PRIVATE ORGANIZATION. I DEPLORED THE FACT THAT SOME OF THE ITALIAN DEMOCRATIC FORCES BELIEVE THAT THE ENTRANCE OF THE PCI INTO THE NATIONAL GOVERNMENT WAS INEVITABLE. I TOLD HIM I DID NOT FEEL THIS WAS THE CASE AND THE USG WOULD DO EVERYTHING IT LEGITIMATELY COULD TO ASSIST IN THIS REGARD BUT THAT IN THE FINAL ANALYSIS, IT HAD TO BE THE ITALIANS THEMSELVES WHO WOULD HAVE TO WAGE THE FIGHT TO MAINTAIN A DEMOCRATIC ITALY. THE PRESIDENT APPRECIATED THIS AND SHARED THE VIEW THAT THE PCI PARTICIPATION WAS NOT AT ALL INEVITABLE AND THAT ALL POSSIBLE STEPS MUST BE TAKEN TO AVOID IT.

5. IN THIS CONNECTION HE WAS OPTIMISTIC ABOUT THE INITIAL STEPS TAKEN BY NEW DC PARTY SECRETARY ZACCAGNINI. LEONE, ALTHOUGH DEPLORING THE MANNER IN WHICH FANFANI WAS OUSTED, SEEMED PLEASED WITH THE NAMING OF ZACCAGNINI AND SPOKE VERY HIGHLY OF HIM. THE PRESIDENT DESCRIBED ZACCAGNINI AS VERY MUCH BOTH AN ANTI-COMMUNIST AND AN ANTI-FASCIST AND CITED HIS IMPRESSIVE RECORD AS A PARTISAN DURING THE WAR. LEONE INDICATED HE SPENT MORE THAN THREE HOURS WITH ZACCAGNINI THE DAY AFTER HE WAS ELECTED AND EMPHASIZED

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TO HIM THAT THE DC MUST NOT ONLY PUT ON A "NEW DRESS" BUT MUST ALSO DISCARD OLD PRACTICES AND PERSONALITIES THAT HAVE LONG SINCE OUTLIVED THEIR USEFULNESS. ALTHOUGH IN THE PAST ZACCAGNINI HAS GENERALLY STAYED ABOVE INTRA-PARTY POLITICS, IT WAS LEONE'S VIEW THAT ZACCAGNINI FULLY REALIZES THE NEED TO MOVE AND MOVE FAST WITH THE PARTY TO TURN THE SITUATION AROUND.

6. I TOLD THE PRESIDENT I WAS ENCOURAGED BY THIS ANALYSIS AND THAT

I HOPED THE DC TOOK THEIR TASK SERIOUSLY. MUCH HAD TO BE DONE AND TIME WAS RUNNING OUT. THE DC HAD TO PUT ASIDE PETTY PARTY FACTIONALISM FOR THE GOOD OF THE COUNTRY. IN THIS REGARD, I IMAGINED IT WOULD BE SOME OF THE OLD TIMERS THAT WOULD PRESENT THE BIGGEST PROBLEMS. I FURTHER INDICATED THAT ALTHOUGH THE GENERAL PRINCIPLES OF THE PARTY MAY STILL BE IN ORDER, THAT IT IS TIME FOR NEW AND PROGRESSIVE POLICIES AND THAT THE CONTINUATION OF OLD POLICIES AND PERSONALITIES WOULD ONLY MEAN A FURTHER LOSS OF DC VOTES. THE PRESIDENT INDICATED THAT ZACCAGNINI WAS VERY MUCH AWARE THAT THE PARTY HAD TO FORMULATE NEW POLICIES AND THAT HE WAS VERY MUCH AWARE OF THE NEED TO INVOLVE THE YOUNGER GENERATION WITHIN THE DC. I STRESSED THAT I HOPED THIS WOULD BE THE CASE AND POINTED TO THE MEETINGS THE EMBASSY HAS HELD WITH YOUNG DC PARLIAMENTARIANS AND OTHER GROUPS. I FELT THIS WAS IMPORTANT AND WANTED HIM TO KNOW WE WOULD ACCELERATE OUR WORK IN THIS DIRECTION.

7. I THEN RAISED WITH HIM THE DOCUMENT SIGNED BY BERLINGUER AND DE MARTINO REGARDING PORTUGAL. LEONE WAS QUITE SURPRISED AT IT BECAUSE HE MAINTAINS THAT DE MARTINO IS A VERY INTELLIGENT MAN. LEONE SAID THAT THEY WERE FOR MANY YEARS VERY CLOSE FRIENDS AND THAT, DESPITE POLITICAL DIFFERENCES OVER THE YEARS, THEY NVERTHELESS REMAIN SUBSTANTIALLY GOOD FRIENDS. I TOLD HIM I HOPED THERE WAS SOME WAY IN WHICH HE MIGHT BE ABLE TO CONVINCE DE MARTINO AND POSSIBLY OTHER SOCIALISTS LEADERS TO BE MORE MODERATE AND REALIZE THAT CLOSE RELATIONSHIPS BETWEEN THEM AND THE PCI WOULD MEAN EVENTUALLY THE DISAPPEARANCE OF THEIR PARTY. LEONE SAID THAT SOME OF THE SMARTER PSI LEADERS UNDERSTOOD THIS VERY WELL. BUT DE MARTINO IS BEING PULLED FROM MANY DIRECTIONS AND SOME OF THE LOCAL LEADERS ARE TAKING ORDERS FROM PRACTICALLY NO ONE -- WHICH IS TRUE OF OTHER PARTIES AS WELL.

8. I ASKED HIM WHAT HE THOUGHT ABOUT THE POSSIBILITY OF INVITING DE MARTINO AND POSSIBLY GIOLITTI TO THE US. HE THOUGHT THIS WAS CONFIDENTIAL

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A VERY GOOD IDEA BUT THAT WE WOULD HAVE TO TEST THE WATER FIRST TO MAKE CERTAIN THAT THE INVITATION WOULD BE ACCEPTED IF ONE WERE TENDERED. AS A MATTER OF FACT HE INDICATED THAT WHETHER WE LIKE IT OR NOT, A DEMOCRATIC GOVERNMENT CANNOT BE FORMED IN ITALY WITHOUT THE SUPPORT OF THE SOCIALISTS AND THAT IS WHY IT IS SO ESSENTIAL THAT WE TOGHTHER TRY TO DO EVERYTHING POSSIBLE TO KEEP THEM FROM GETTING INTO BED WITH THE PCI.

9. HE RAISED THE QUESTION OF THE EXCLUSION OF ITALY FROM THE BIG FOUR ECONOMIC DIRECTORATE IN WHICH, HE SAID, HE UNDERSTOOD IT WAS GERMANY AND FRANCE RATHER THAN THE US THAT WAS INVOLVED IN THAT DECISION. I TOLD HIM THAT PRESIDENT FORD AND THE SECRETARY HAD MADE IT EXTREMELY CLEAR AT HELSINKI THAT WE ARE MOST SYMPATHETIC TO THE ITALIAN POSITION.

10. HE ALSO RAISED THE QUESTION OF THE NUCLEAR REACTORS. I BROUGHT HIM UP-TO-DATE ON THIS SITUATION, INDICATING THAT THE FINANCIAL DATA HAD JUST BEEN SENT IN SEVERAL DAYS AGO AND WE HAD RECEIVED A PROMPT REPLY INDICATING THAT THERE WAS ADDITIONAL MATERIAL NEEDED IF WE WERE TO TRY TO BE HELPFUL AS POSSIBLE IN HELPING THEM TO FORM A CONSORTIUM

11. IN CLOSING I ASSURED THE PRESIDENT THAT THE USG REMAINS VERY MUCH INTERESTED AND CONCERNED ABOUT THE ITALIAN SITUATION. I INDICATED THAT THE SECRETARY LOOKS FORWARD TO WORKING CLOSELY WITH THE ITALIANS, PARTICULARLY DURING THE PERIOD OF THEIR EC PRESIDENCY AND THAT I KNOW HE LOOKS FORWARD TO MEETING WITH THE ITALIANS IN THIS CAPACITY IN THE NEAREST POSSIBLE FUTURE.

12. IN ALL, ALTHOUGH THE PRESIDENT WAS CONCERNED ABOUT PRESENT DEVELOPMENTS HERE, HE WAS FAR FROM GIVING UP. HE EXPRESSED THE NEED FOR HARD WORK, CHANGES IN POLICIES AND FACES AND BETTER DC PERFORMANCE AT THE NATIONAL LEVEL. WITH THIS HE FELT THE DC COULD COME OUT OF THE SITUATION OK. I AM SURE THE PRESIDENT MEANS WHAT HE SAYS BUT I INTEND TO REINFORCE THESE POINTS WITH HIM AND OTHER POLITICAL LEADERS AS THEY RETURN TO ROME OVER THE NEXT FEW WEEKS. EVERYTHING THE PRESIDENT HAS SAID MUST BE DONE AND MORE TO GET THE JOB DONE. THIS IS NOT TIME FOR BUSINESS AS USUAL WITHIN THE DC. I INTEND TO MAKE THIS POINT WELL-KNOWN AND ESPECIALLY WITH ZACCAGNINI AT OUR VERY FIRST MEETING. VOLPE

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